

Message Text

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PAGE 01 STATE 167631
ORIGIN OPIC-06

INFO OCT-01 AF-10 ISO-00 EB-08 COME-00 /025 R

DRAFTED BY OPIC/F VTHOMPSON
APPROVED BY AF/C:DJUNIOR
OPIC/F:FRHILL
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AF/C:RGRIBBIN

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P 010129Z JUL 78
FM SECSTATE WASHDC
TO AMEMBASSY KIGALI PRIORITY

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FROM OPIC

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: RWANDA TEA

1. OPIC WOULD APPRECIATE EMBASSY COMMENTS ON CURRENT FINANCIAL CONDITION OF OCIR AS IT RELATES TO REFERENCED PROJECT. OPIC IS TRYING TO EVALUATE THE RWANDA TEA PROJECT'S NEED FOR ADDITIONAL FUNDS. WE ARE CONCERNED THAT THE OCIR CASH FLOW PROBLEMS MENTIONED IN LESSER'S MEMORANDUM OF 6/7/78 MAY HAVE A NEGATIVE IMPACT ON THE PROJECT, AS OCIR HAS 49PERCENT OF THE EQUITY IN THE PROJECT.

2. SPECIFICALLY, WE ARE CONCERNED THAT AFTER USINE'S OPERATIONS COMMENCE, OCIR MAY PRESSURE USINE FOR DIVIDENDS TO ALLEVIATE OCIR'S CASH PROBLEMS. THIS COULD HAMPER THE GROWTH OF THE PROJECT SINCE USINE MUST RETAIN A SIGNIFICANT
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PORTION OF ITS EARNINGS TO PAY FOR FUTURE EXPANSIONS OF THE FACTORY.

3. ALSO, AS LESSER STATES, OCIR MAY DEMAND PAYMENT FROM SIRT, AS MARKETER OF OCIR'S TEA, MORE RAPIDLY THAN IS PRACTICAL. THIS COULD CAUSE CASH PROBLEMS IN SIRT OR COULD TRIGGER AN ACCUSATION BY OCIR THAT SIRT IS NOT LIVING UP TO

ITS MARKETING AGREEMENT.

4. DO YOU FORESEE ANY LONGER TERM STRUCTURAL PROBLEMS
IN OCIR OR IN ITS RELATIONSHIP TO THE RWANDAN TEA INDUSTRY
WHICH COULD CAUSE CONTINUAL CASH FLOW PROBLEMS?

DECONTROLLED JUNE 30, 1979. VANCE

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Draft Date: 01 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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ISecure: 1
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Litigation Codes:
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Review Exemptions: n/a
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TAGS: EFIN, RW
To: KIGALI
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